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Frankenstein, Incorporated, by I. Maurice Wormser

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BOOK REVIEWS

Frankenstein, Incorporated. By I. Maurice Wormser. New York: McGraw-Hill. 242 pages. Price \$2.50.

"When I found so astonishing a power placed within my hands, I hesitated a long time concerning the manner in which I should employ it." Thus, Mr. Shelly's physiology student, Frankenstein, contemplated the preternaturally powerful and destructive monster that he had created. And thus, says Professor Wormser, should we pause in thoughtful hesitancy before that monster in our own midst, that product of our own political fiat, the corporation. Not that the corporation is an undesirable servant in our present social structure—quite the contrary—but the monster having been created by the public must be made to remember again with due respect its creator. As a Professor of Corporations in Fordham University and editor of the New York *Law Journal* the author commands a rich field of legal materials, but he handles them almost solely from the social point of view. Entirely devoid of footnotes and citations of cases the book will be of almost no immediate practical use to the corporation attorney; but as a critique of corporations, written in the spirit of the present period of socialization of the law, it is important if only for its vigor.

The average lawyer or educated business man will probably learn little from the first four chapters, dealing with the history of corporations and the advantages of the corporate form. The most that can be said for them is that the presentation is made in an interesting style. However, beginning with Chapter V, *Corporate Ills and Abuses, and Their Cures*, the book contains much good intellectual meat. Interstate competition for incorporating companies, nominal corporations and one man corporations, dummy stockholders and directors, the subinfeudation of parent and subsidiary companies, promoters' profits and the bonus system, duties of directors, stock watering—all of these problems are set forth with a great deal of freshness and cogency. Many suggestions by way of remedy are made, but they cannot be fairly outlined here in the space of a review.

In his chapter of *Corporations and the Professions*, Professor Wormser marshals most of the arguments that have been put forward on one side and on the other in the flood of recent literature dealing with this very much alive subject. He believes that two facts must be recognized: first, a great amount of what used to be professional work both in law and medicine has already been taken over by corporations and has been handled, by and large, efficiently; and second, the layman ordinarily seems more pleased than otherwise with the innovation. The suggested solution of the difficulty is that perhaps we had best not try to sweep back the ocean with a broom, but facing as inevi-

table a transition brought about by an altered society, we should regulate corporations that perform certain functions heretofore within the special province of the professional man as we now regulate natural persons performing those functions.

The author also has his thrust at the present agitation for repeal or amendment of federal anti-trust legislation. Although he does not advocate repeal he is aware of the tremendous cost of competition and the anti-social tendency that that legislation sometimes manifests in operation. He advocates the creation of a governmental commission with power to approve or disapprove of trade agreements in advance. Approval of an agreement would preclude future prosecution under the anti-trust laws. The commission should then have additional supervisory power sufficient to insure the public that the plan which is fair on its face is also fair in operation.

Frankenstein, Incorporated is one of several recent indictments of capitalism by men who have an inherent faith in the system. The book's repeated thesis is a sentence of an unnamed early Virginia judge: "With respect to acts of incorporation, they ought never to be passed, but in consideration of services to be rendered to the *public*." Coming as it does shortly after the puncturing of our prosperity bubble, in which the corporation played a part of undoubted importance, the volume is particularly timely and enlightening.

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